2016 FINANCIAL STATEMENTS

IN THIS SECTION:

Chief Financial Officer's Report
Audit Report
Financial Statements
2016 Permissive Tax Exemptions
2016 Revitalization Tax Exemptions

CHIEF FINANCIAL OFFICER'S REPORT, MAY 2017

I am pleased to submit the City of Penticton's 2016 Annual Financial Report for the year ended December 31, 2016 as required by Sections 98 and 167 of the Community Charter.

The audited financial statements, and supplementary financial schedules have been prepared by City staff in conformance with generally accepted accounting principles as prescribed by the Public Sector Accounting Standards (PSAS) of the Chartered Professional Accountants of Canada.

Management maintains systems of internal budgetary and accounting controls that provide assurance for safeguarding of assets and the reliability of information. These systems are monitored and evaluated by management.

These statements were audited by BDO Canada LLP, and their responsibility is to express an opinion as to whether the financial statements prepared by management present fairly the financial position of the City as at December 31, 2016.

Operating Results from 2016 saw an increase in the City's net financial assets of $12.2 million bringing its total net financial assets to $17.8 million. This resulted in an overall improvement of its accumulated surplus by 3.3%, with a total now of $336.6 million

Consolidated revenues for the City increased to $108.8 million in 2016 a 4.3% increase over 2015. This increase was largely the result of an increase in taxation, water and building permit revenues. Consolidated Expenditures were $98.1 million a minor a decrease of 1.6% decrease from 2015.

The general revenue fund saw an overall surplus of $498,500 with revenues coming in at $85.7 million, an increase of $3 million or 3.6% increase from 2015. $2 million in increased taxation revenues contributed to a large portion of this additional revenue, while strong development activity resulted in increased development and building permits of $.7 million. Expenditures also rose to $85.6 as a result of increased costs associated with delivering city services.

As with many municipalities, the City is faced with aging infrastructure. In 2016 the City took initial steps to better understand the challenge faced. Initial estimates are that the City faces a $175 million infrastructure deficit for its roads, facilities, parks water, sewer and electrical assets. The 2017 budget has taken initial steps to begin addressing this challenge and will be doing further work over the next two years to refine and update estimated costs of the infrastructure deficit.

The economic outlook for the next 5 years appears strong, however prudent fiscal management will need to continue for the City, to strike the balance between funding city services and addressing the infrastructure deficit. The City will continue to review and refine its fiscal strategies to maintain a competitive business environment, while ensuring the tax burden is appropriately shared between business and residences. It will also continue to review and improve the efficiency of its operations through business process improvement and expanding shared service arrangements with other local authorities.

Jim Bauer

BDO

Tel: 250 492 6020
Fax: 250 492 8110
www.bdo.ca

BDO Canada LLP
100 Front Street, Unit 102
Penticton BC V2A 1H1 Canada

Independent Auditor's Report

To the Mayor and Council of
Corporation of the City of Penticton

We have audited the accompanying consolidated financial statements of the Corporation of the City of Penticton, which comprises the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the City of Penticton as at December 31, 2016 and the results of its operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the supplementary schedules on pages 20 through 29 of the Corporation of the City of Penticton's Financial Statements.

BDO Canada LLP

Chartered Professional Accountants

Penticton, British Columbia
May 2, 2017

THE CITY OF PENTICTON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

	2016	2015
Financial Assets		
Cash	$ 1,316,987	$ 3,000,964
Term Deposits (Note 1)	82,779,729	71,962,120
Accounts Receivable (Note 2)	7,700,806	8,465,474
	91,797,522	83,428,558
Financial Liabilities		
Development Cost Charges (Note 3)	10,275,074	8,015,262
Accounts Payable and Accrued Liabilities	12,940,547	14,504,846
Deferred Revenue	5,133,917	4,462,803
Deposits	2,565,874	1,919,634
Penticton Public Library (Note 15)	-	45,255
Long Term Debt (Note 8)	43,113,226	48,914,779
	74,028,638	77,862,579
Net Assets	$ 17,768,884	$ 5,565,979
Non-Financial Assets		
Tangible Capital Assets (Note 9)	$315,573,844	$316,961,009
Inventory	2,700,039	2,661,509
Prepaid Expenses	556,602	664,729
	318,830,485	320,287,247
Accumulated Surplus	$336,599,369	$325,853,226

See accompanying notes to the Consolidated Financial Statements.

THE CITY OF PENTICTON
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2016

	2016 Budget	2016	2015
Revenue			
Taxation	$ 30,333,770	$ 30,485,377	$ 28,436,350
Sales of Services	61,839,485	62,541,835	60,111,724
Government Grants and Transfers	2,971,542	2,301,804	2,434,334
Other Revenue	8,633,559	11,747,857	11,318,327
Other Contributions	983,925	1,621,845	2,100,306
Gain (loss) on Disposal	30,000	38,791	(128,039)
Contributed Asset	-	80,796	-
	104,792,281	108,818,305	104,273,002
Expenditure (Note 10)			
General Government	8,755,520	16,693,301	15,164,190
Protective Services	14,463,086	14,813,217	14,067,977
Transportation Services	4,164,525	8,589,817	8,350,559
Environmental Health Services	1,454,376	1,502,407	1,446,528
Public Health and Safety	192,533	263,687	200,996
Environmental Development Services	3,176,019	3,275,570	3,168,590
Recreation and Culture	11,422,304	12,731,301	11,853,069
Electrical Supply	30,783,521	31,027,273	36,204,608
Sewer System Utility	3,561,908	4,858,669	5,120,687
Water Utility Services	3,250,716	4,316,920	4,162,774
	81,224,508	98,072,162	99,739,978
Annual Surplus	23,567,773	10,746,143	4,533,024
Accumulated Surplus, Beginning of Year	325,853,226	325,853,226	321,320,202
Accumulated Surplus, End of Year	$349,420,999	$336,599,369	$325,853,226

See accompanying notes to the Consolidated Financial Statements.

THE CITY OF PENTICTON
CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2016

	2016	2015
Annual surplus	$ 10,746,143	$ 4,533,024
Acquisition of Tangible Capital Assets (Note 9)	(11,939,202)	(16,588,012)
Amortization (Note 9)	13,444,293	12,976,306
Net Disposal of Tangible Capital Assets (Note 9)	25,719	231,121
Contributed Tangible Capital Assets (Note 9)	(80,796)	-
Asset reclassification (Note 9)	(62,849)	1,752,302
	12,133,308	2,904,741
Change in Prepaid Expenses (Increase)	108,127	(62,484)
Consumption of Supplies Inventories	(38,530)	430,922
	69,597	368,438
Increase in Net Assets	12,202,905	3,273,179
Net Assets, Beginning of Year	5,565,979	2,292,800
Net Assets, End of Year	$ 17,768,884	$ 5,565,979

See accompanying notes to the Consolidated Financial Statements.

THE CITY OF PENTICTON
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

	2016	2015
Operating Transactions		
Annual Surplus	$ 10,746,143	$ 4,533,024
Change in Non-Cash Operating Items		
Decrease in Accounts Receivable	764,668	1,940,561
Increase in Trade Accounts Payable and Accrued Liabilities	1,967,611	162,721
(Increase) decrease in Prepaid Expenses	108,127	(62,484)
(Increase) decrease in Inventory	(38,530)	430,922
Net Disposal of Tangible Capital Assets	25,719	231,121
Amortization	13,444,293	12,976,306
Contributed Tangible Capital Assets	(80,796)	-
Asset reclassification	(62,849)	1,752,302
	16,128,243	17,431,449
Cash Provided by Operating Activities	26,874,386	21,964,473
Capital Transactions		
Cash Used to Acquire Tangible Capital Assets	(11,939,201)	(16,588,012)
Financing Transactions		
Debt Repayment	(5,801,553)	(5,804,091)
Investing Transactions		
Increase in Term Deposits	(10,817,609)	(5,546,470)
Change in Cash	(1,683,977)	(5,974,100)
Cash, Beginning of Year	3,000,964	8,975,064
Cash, End of Year	$ 1,316,987	$ 3,000,964

See accompanying notes to the Consolidated Financial Statements.

THE CITY OF PENTICTON
SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2016

Management's Responsibility for the Financial Statements

The consolidated financial statements of the City are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The Corporation of the City of Penticton ("the City") is a municipality in the Province of British Columbia and operates under the provisions of the Community Charter. The City provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the City. All inter-entity transactions and balances have been eliminated. The controlled organizations include:

Penticton Public Library

Interfund Balances and Transactions

All material interfund transactions and balances have been eliminated within the Consolidated Financial Statements for the General, Sewer, Water and Electrical funds.

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the Consolidated Statement of Financial Position. The revenue is recognized in the Consolidated Statement of Operations in the year in which it is used for the specified purpose.

Revenue Recognition

Taxation

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollected amounts.

Government Transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Utilities

Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established. Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled.

Revenue Recognition continued

Fee for Service

Sales of service and other revenue is recognized on an accrual basis.

Financial Instruments

The City's financial instruments consist of cash and term deposits, accounts receivable, accrued interest receivable, Municipal Finance Authority, bank indebtedness, trade accounts payable and accrued liabilities, deposits and long term debt. Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying value, unless otherwise noted.

Inventory

The City holds consumable inventory which is recorded at the lower of cost and net realizable value. Cost is determined on a weighted average basis.

Tangible Capital Assets

Tangible capital assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets are recorded at cost, net of capital asset disposals, write-downs and amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	20 to 70 years
Roads and Sidewalks	25 to 75 years
Machinery and Equipment	5 to 20 years
Water Infrastructure	50 to 100 years
Sewer Infrastructure	10 to 100 years
Electrical Infrastructure	20 to 50 years
Parks and Recreation Infrastructure	10 to 50 years
Vehicles	10 to 20 years
Furniture and Equipment	10 to 20 years
Computer Hardware and Software	4 to 10 years
Books and Library Materials	5 to 13 years

THE CITY OF PENTICTON
SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2016

Reserve for Future Expenditure

Reserves for future expenditure are non-statutory reserves which represent an appropriation of surplus for specific purposes. Transfers to reserves for future expenditure include funds to finance incomplete projects and accumulations for specific purposes.

Statutory Reserve Funds

The use of these funds is restricted by the Community Charter and associated Municipal Bylaws. Statutory reserve funds are funded 100% by cash and temporary investments.

Use of Estimates

The preparation of consolidated financial statements in accordance with Public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Adjustments, if any, will be reflected in the consolidated financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

Collection of Taxes on Behalf of Other Taxation Authorities

The City collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these consolidated financial statements.

Contaminated Sites

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

a) An environmental standard exists

b) Contamination exceeds the environmental standard

c) The City is directly responsible or accepts responsibility for remediation

d) It is expected that future economic benefits will be given up; and

e) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

As at December 31, 2016 the City has no liability for contaminated sites.

1. Term Deposits

	Maturity Date	Effective Interest Rate (%)	2016	2015
Valley First		-	$ 11,002,648	$ -
Valley First	Jan 11, 2017	1.50	10,175,000	10,000,000
Valley First	May 1, 2017	1.40	5,038,003	5,000,000
Valley First	May 1, 2017	1.40	54,750	5,000,000
Valley First	Aug 12, 2017	1.75	10,000,000	5,000,000
Valley First	Aug 20, 2017	1.65	10,000,000	10,000,000
Valley First	Nov 2, 2017	1.65	10,000,000	10,828,910
Municipal Finance Authority		1.44	26,509,328	26,133,210
			$ 82,779,729	$ 71,962,120

2. Accounts Receivable

	2016	2015
Property Taxes	$ 1,141,890	$ 1,193,924
Other Receivables	1,888,393	1,803,875
Federal Government	222,024	223,911
Provincial Government	395,357	1,248,693
Regional District Okanagan Similkameen	1,725	125,039
Other Government Agencies	168,017	77,133
Utility Rates Receivable	3,528,303	3,354,863
Accrued Interest Receivable	308,944	388,661
Cemetery Trust Fund Receivable	46,153	49,375
	$ 7,700,806	$ 8,465,474

3. Development Cost Charges (DCC)

The City collects development cost charges to pay for a proportionate share of infrastructure related to new growth. In accordance with the Local Government Act of BC, these funds must be deposited into a separate reserve fund. When the related costs are incurred, the DCCs are recognized as revenue.

	2016	2015
DCC by Type		
Roads DCC	$ 1,025,489	$ 737,443
Parks DCC	475,189	240,576
Drainage DCC	204,571	128,338
Waste Water DCC	5,736,922	4,665,411
Water DCC	2,832,903	2,243,494
	10,275,074	8,015,262
DCC Activity		
Balance, Beginning of Year	8,015,262	8,172,499
Return on Investments	123,534	129,018
DCCs Levied in the Year	2,220,398	531,402
Transfers to General Operating	(84,120)	(817,657)
	$ 10,275,074	$ 8,015,262

4. Development Cost Charges

In 2010, Council adopted the Development Cost Charge Reduction Bylaw and the companion Economic Incentive Zone Bylaw. The purpose of these bylaws was to spur development in key areas of the City, promote sustainable development and promote the development of affordable rental housing. The bylaws also contain provisions to encourage high-end hotel development. These bylaws will reduce the value of development cost charges, building permit fees and municipal taxes received by The City of Penticton for eligible developments.

The DCC reductions and Economic Incentive tax exemption program have been implemented in accordance with the provisions of Section 933(1) of the Local Government Act and Section 226 of the Community Charter, respectively. In 2016 $190,113 (2015 - $87,183) of Economic Incentive tax exemptions were granted. In addition, Council approved $22,193 (2015 - $69,375) of DCC reductions in 2016.

5. Pension Liability

The City and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trusteed pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2016, the Plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 contributors from local government.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan.

5. Pension Liability continued

The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for the average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent actuarial valuation as at December 31, 2015 indicated a $2,224 million funding surplus for basic pension benefits on a going concern basis.

The City of Penticton paid $1,849,912 (2015 - $1,858,197) for employer contributions to the Plan in fiscal 2016.

The next valuation will be as at December 31, 2018 with results available in 2019.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

6. Contingent Liabilities

a. Regional District of Okanagan Similkameen

Under Section 836 of the Local Government Act, all monies borrowed by a Regional District, shall be upon its credit at large and shall, in the event of any default, constitute an indebtedness of the member municipalities for which they are jointly and severally liable. At December 31, 2016, the long term debt of the Regional District aggregated $86,130,133 (2015 - $94,685,222).

b. Legal Actions

As at December 31, 2016, certain legal actions are pending against the City as follows:

1. The City is aware of various liens registered against the City owned properties located at 903-969 Eckhardt Ave W. These liens were filed by various companies engaged by the third party purchaser of the same properties who subsequently defaulted on the purchase. These companies were not paid and they filed liens against the properties. Twelve liens were filed representing claims totaling $2,111,921.90. Since then, and within the one year limitation period under the Builders Lien Act, five lien claimants had started legal actions against various parties, including the City, and filed certificates of pending litigation ("CPL") against the properties. One claimant has subsequently abandoned its lien claim and discontinued its action and another claimant reached a settlement. The remaining three claims remain alive with the value of these lien claims totaling $663,851. It is unknown at this time the likely outcome; however, damages could reach $66,000, which is 10% of the total claims still being advanced.

2. The City has been named a party to an action with respect to a claim made for interference with development rights. The Claimant may have a reasonable basis for a claim; however given the uncertainty of the amount and likeliness of the claim, no accrual has been recorded in regards to these costs.

3. That the City has been named a party to an action with respect to a claim made for deficiencies in design and construction. The Claimant may have a reasonable basis for a claim; and damages could reach in the range of $300,000 to $500,000, which is 10% of the total claims still being advanced.

6. Contingent Liabilities continued

c. General Contingencies

From time to time there are potential claims against the City for incidents which arise in the ordinary course of business. In the opinion of management and legal counsel, the outcomes of the claims are not determinable at this time and cannot be estimated. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

7. Letters of Credit

In addition to the performance deposits reflected in the Consolidated Statement of Financial Position, the City is holding irrevocable Letters of Credit in the amount of $2,185,630 which were received from depositors to ensure their performance of works to be undertaken within the City. These amounts are not reflected in the Consolidated Financial Statements but are available to satisfy liabilities arising from non-performance by the depositors.

8. Long Term Debt

Long term debt reported on the Consolidated Statement of Financial Position is comprised of the following:

	2016	2015
Long Term Debt	$ 43,113,226	$ 48,914,779

Principal repayments relating to long term debt of $43,113,226 outstanding are due as follows (in thousands):

	2017	2018	2019	2020	2021	Thereafter
General Fund	$ 3,233	$ 1,985	$ 1,059	$ 1,042	$ 1,043	$ 14,883
Sewer Fund	575	545	539	539	539	8,716
Water Fund	422	422	422	422	422	6,305
	$ 4,230	$ 2,952	$ 2,020	$ 2,003	$ 2,004	$ 29,904

Long term debt is secured by the assets of the City. The Long Term Debt is held by the Municipal Finance Authority. The principal payments are invested by the Municipal Finance Authority into a Sinking Fund. The principal repayments are currently calculated at a rate of 4%. The 2016 earnings in the Sinking Fund were calculated to be $1,536,896 and are included in Other Revenue on the Consolidated Statement of Operations.

9. Tangible Capital Assets

In 2016 the City of Penticton incurred $17,405,903 of Capital Expenditures. The Tangible Capital Asset Policy requires that capital expenditures beneath a specified threshold are not capitalized. The total amount capitalized in accordance with the TCA Policy is $11,939,201 for 2016. The amount of Capital purchases below the TCA threshold that were expensed within the Consolidated Statement of Operations were $5,466,702.

9. Tangible Capital Assets continued

	Land	Building	Equipment	Sewer Infrastructure	Water Infrastructure	Electrical Infrastructure	Roads	Construction in Progress	2016 Total
COST									
Opening Balance	$ 48,433,058	$ 163,265,759	$ 36,255,075	$ 50,274,463	$ 52,860,867	$ 72,143,119	$ 80,497,549	$ 1,492,298	$ 505,222,188
Add: Additions	-	595,010	3,330,963	344,290	1,068,075	1,766,826	3,907,257	926,780	11,939,201
Add: Trsf to/from Construction in Progress	-	13,051	150,212	-	110,037	-	334,846	(608,146)	-
Add: Contributed Assets	-	80,796	-	-	-	-	-	-	80,796
Less: Disposals	-	-	488,673	-	-	-	-	-	488,673
Re-classification	-	-	659,112	-	-	-	-	(248,025)	411,087
	48,433,058	163,954,616	39,906,689	50,618,753	54,038,979	73,909,945	84,739,652	1,562,907	517,164,599
ACCUMULATED AMORTIZATION									
Opening Balance	-	61,742,536	24,324,874	8,399,814	17,726,280	32,274,934	43,792,741	-	188,261,179
Add: Amortization	-	4,771,924	2,027,673	1,043,051	832,646	2,155,828	2,613,170	-	13,444,292
Less: Acc Amortization on Disposals	-	-	462,954	-	-	-	-	-	462,954
Re-classification	-	-	(348,238)	-	-	-	-	-	(348,238)
	-	66,514,460	26,237,831	9,442,865	18,558,926	34,430,762	46,405,911	-	201,590,755
Net Book Value for Year Ended Dec. 31, 2016	$ 48,433,058	$ 97,440,156	$ 13,668,858	$ 41,175,888	$ 35,480,053	$ 39,479,183	$ 38,333,741	$ 1,562,907	$ 315,573,844

	Land	Building	Equipment	Sewer Infrastructure	Water Infrastructure	Electrical Infrastructure	Roads	Construction in Progress	2015 Total
COST									
Opening Balance	$ 46,866,608	$ 161,832,094	$ 35,392,605	$ 48,980,917	$ 50,796,899	$ 68,634,007	$ 76,934,938	$ 2,397,794	$ 491,835,862
Add: Additions	1,566,450	2,651,897	753,115	1,184,883	2,063,968	3,575,820	3,505,204	1,286,675	16,588,012
Add: Trsf to/from Construction in Progress	-	30,716	243,083	108,663	-	-	57,407	(439,869)	-
Less: Disposals	-	1,248,948	133,728	-	-	66,708	-	-	1,449,384
Re-classification to Financial Assets	-	-	-	-	-	-	-	(1,752,302)	(1,752,302)
	48,433,058	163,265,759	36,255,075	50,274,463	52,860,867	72,143,119	80,497,549	1,492,298	505,222,188
ACCUMULATED AMORTIZATION									
Opening Balance	-	58,048,402	22,684,621	7,348,808	17,136,905	30,157,689	41,126,711	-	176,503,136
Add: Amortization	-	4,744,246	1,768,232	1,051,006	589,375	2,157,417	2,666,030	-	12,976,306
Less: Acc Amortization on Disposals	-	1,050,112	127,979	-	-	40,172	-	-	1,218,263
	-	61,742,536	24,324,874	8,399,814	17,726,280	32,274,934	43,792,741	-	188,261,179
Net Book Value for Year Ended Dec. 31, 2015	$ 48,433,058	$ 101,523,223	$ 11,930,201	$ 41,874,649	$ 35,134,587	$ 39,868,185	$ 36,704,808	$ 1,492,298	$ 316,961,009

10. Reporting by Object

	2016	2015
Salaries and Benefits	$ 24,507,639	$ 21,661,772
Goods and Services	43,891,774	48,778,025
Interest	3,802,731	3,929,931
Amortization	13,444,293	12,976,306
Other Expenses	2,193,952	3,039,240
Vehicle & Equipment Maintenance	3,452,486	2,853,905
Policing Agreement	6,779,287	6,500,799
	$ 98,072,162	$ 99,739,978

11. Credit Facilities

a. Line of Credit

The City holds a $5,000,000 line of credit with the Valley First Credit Union. This line of credit has a borrowing rate of prime and is secured by the Revenue Anticipation Borrowing Bylaw 2011 No. 5003.

As of December 31, 2016 there was no balance outstanding.

b. Bank Indebtedness

The City holds a $4,230,000 EFT limit.

12. Municipal Finance Authority

Cash Deposits and Demand Notes - The City issues the majority of its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds is withheld by the Municipal Finance Authority as a debt reserve fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature.

Proceeds on loan requests are 98.40% of the gross amount of the loan. 1% is deducted by the MFA for security against loan default (this is held in trust by the MFA in its Debt Reserve Fund and will be refunded to clients, with interest, at loan expiry). The remaining 0.60% is deducted as an issue expense to cover the costs of administering the Debt Reserve Fund.

As at December 31, 2016 the Debt Reserve Fund demand note requirements were $3,346,659 (2015 - $3,399,305). In addition, cash deposits totaling $1,162,303 (2015 - $1,161,102) were held by the MFA.

13. Budget

The Financial Plan (Budget) Bylaw No. 2016-07 adopted by Council on March 7, 2016 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget figures anticipated use surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to Nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the Financial Plan adopted by Council with adjustments as follows:

	2016
Financial Plan (Budget) Bylaw surplus for the year	$ -
Add:	
Transfer to Funds/Reserves	22,184,263
Debt Principal Repayments	4,283,308
Budgeted Capital Expenditures - General	10,873,710
Budgeted Capital Expenditures - Electric	3,532,786
Budgeted Capital Expenditures - Sewer	1,859,630
Budgeted Capital Expenditures - Water	3,755,000
Less:	
Budgeted Transfers from Surplus	22,920,924
Budget Surplus per Statement of Operations	$ 23,567,773

14. Transfers From Other Governments

	2016	2015
Gas tax community works fund	$ 1,439,404	$ 1,392,510
Traffic fine revenue sharing	401,411	458,557
Okanagan Basin Water Board grants	215,822	219,201
The Freshwater Fisheries	-	170,000
BC Arts Council	20,000	20,000
Library	125,720	-
Miscellaneous	99,447	174,066
	$ 2,301,804	$ 2,434,334

15. Penticton Public Library

The establishment of a municipal public library in the City of Penticton Bylaw 2639 was passed December 8, 1969. The bylaw indicates that the City exercises significant influence over the Penticton Public Library and is required to fund its operations as per the Library Act. The Penticton Public Library assets as managed by the Library Board are recorded as assets of the City. The operations of the Penticton Public Library have been wholly consolidated by the City as at December 31, 2016.

16. Segmented Information

The City is a diversified municipal government institution that provides a wide range of services to its citizens such as transit, police, fire, water and electricity. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government Services

This segment includes all of the revenues and expenses that relate to the operations of the City itself and cannot be directly attributed to one of the other specific segments.

Protective Services

Protection is comprised of police services and fire protection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education.

Transportation Services

Transportation is responsible for providing the City's transit services.

Environmental Health Services

Environmental services consists of providing waste disposal to citizens.

Public Health and Safety

Health services are comprised of public health services which works to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities.

Environmental Development Services

This segment includes city planning, maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

Recreation and Culture

This segment provides services meant to improve health and development of the City's citizens. Recreational programs and cultural programs like swimming and skating lessons are provided at the arenas, the aquatic centre and the community centre. Also, the City provides library services to assist with its citizens' informational needs and a museum that houses collections and artifacts.

Electrical Supply

This segment includes all of the operating activities related to the supply of the City's electricity.

Sewer System Utility

This segment includes all of the operating activities related to the collection and treatment of wastewater (sewage) throughout the City.

16. Segmented Information continued

Water Utility Services

This segment includes all of the operating activities related to the treatment and distribution of water throughout the City.

THE CITY OF PENTICTON
SCHEDULE OF SEGMENT DISCLOSURE
DECEMBER 31, 2016

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Public Health and Safety	Environmental Development Services	Recreation and Culture	Electrical Supply	Sewer System Utility	Water Utility Services	2016 Total
REVENUE											
Taxation	$ 29,111,741	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,373,636	$ -	$ 30,485,377
Sales of Services	2,657,309	997,297	1,288,925	2,464,088	363,357	113,686	2,231,071	39,647,109	4,625,517	8,153,476	62,541,835
Government Grants and Transfers	1,939,262	-	1,000	-	-	-	145,720	-	215,822	-	2,301,804
Other Revenue	10,650,566	55,780	-	-	-	8,500	1,019,211	13,800	-	-	11,747,857
Other Contributions	119,053	-	544,282	-	-	-	71,486	590,070	47,712	249,242	1,621,845
Gain (loss) on Disposal	10,436	-	28,355	-	-	-	-	-	-	-	38,791
Contributed Asset	80,796	-	-	-	-	-	-	-	-	-	80,796
	44,569,163	1,053,077	1,862,562	2,464,088	363,357	122,186	3,467,488	40,250,979	6,262,687	8,402,718	108,818,305
EXPENDITURE											
Salaries and Benefits	4,619,001	7,112,206	1,229,617	102,174	39,410	1,470,080	5,374,197	1,715,290	1,349,195	1,496,469	24,507,639
Goods and Services	2,743,400	734,360	3,500,069	1,394,320	217,779	1,222,250	4,508,140	26,988,679	1,372,054	1,210,723	43,891,774
Interest	(42,147)	84,000	174,478	-	-	-	2,236,253	-	758,021	592,126	3,802,731
Amortization	7,465,548	-	1,947,220	-	-	-	-	2,155,828	1,043,051	832,646	13,444,293
Other Expenses	1,577,029	1,049	737	66	-	581,242	29,273	4,546	-	10	2,193,952
Vehicle & Equipment Maintenance	330,470	102,315	1,737,696	5,847	6,498	1,998	583,438	162,930	336,348	184,946	3,452,486
Policing Agreement	-	6,779,287	-	-	-	-	-	-	-	-	6,779,287
	16,693,301	14,813,217	8,589,817	1,502,407	263,687	3,275,570	12,731,301	31,027,273	4,858,669	4,316,920	98,072,162
Excess (Deficiency) of Revenues Over Expenditures	$ 27,875,862	$(13,760,140)	$ (6,727,255)	$ 961,681	$ 99,670	$ (3,153,384)	$ (9,263,813)	$ 9,223,706	$ 1,404,018	$ 4,085,798	$ 10,746,143

See accompanying notes to the Consolidated Financial Statements.

THE CITY OF PENTICTON
SCHEDULE OF SEGMENT DISCLOSURE
DECEMBER 31, 2015

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Public Health and Safety	Environmental Development Services	Recreation and Culture	Electrical Supply	Sewer System Utility	Water Utility Services	2015 Total
REVENUE											
Taxation	$ 27,060,066	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,376,284	$ -	$ 28,436,350
Sales of Services	2,579,749	921,649	1,184,787	2,462,443	279,413	87,264	1,970,316	39,268,074	4,415,792	6,942,237	60,111,724
Government Grants and Transfers	1,949,633	-	170,000	-	-	1,000	94,500	-	219,201	-	2,434,334
Other Revenue	10,900,018	16,106	-	-	-	18,950	369,507	13,746	-	-	11,318,327
Other Contributions	98,306	-	1,437,975	-	-	-	-	336,362	47,606	180,057	2,100,306
Gain (loss) on Disposal	(183,419)	-	81,917	-	-	-	-	(26,537)	-	-	(128,039)
	42,404,353	937,755	2,874,679	2,462,443	279,413	107,214	2,434,323	39,591,645	6,058,883	7,122,294	104,273,002
EXPENDITURE											
Salaries and Benefits	4,213,830	6,348,560	1,272,559	48,474	25,414	1,065,242	4,274,345	1,684,633	1,323,135	1,405,580	21,661,772
Goods and Services	2,982,465	781,395	2,973,131	1,396,100	172,177	1,562,928	3,894,810	32,040,038	1,666,977	1,308,004	48,778,025
Interest	(47,273)	84,000	174,478	-	-	-	2,253,422	-	767,614	697,690	3,929,931
Amortization	6,512,478	-	2,666,030	-	-	-	-	2,157,417	1,051,006	589,375	12,976,306
Other Expenses	1,234,456	48,370	13,425	424	13	538,281	1,048,968	154,607	-	696	3,039,240
Vehicle & Equipment Maintenance	268,234	304,853	1,250,936	1,530	3,392	2,139	381,524	167,913	311,955	161,429	2,853,905
Policing Agreement	-	6,500,799	-	-	-	-	-	-	-	-	6,500,799
	15,164,190	14,067,977	8,350,559	1,446,528	200,996	3,168,590	11,853,069	36,204,608	5,120,687	4,162,774	99,739,978
Excess (Deficiency) of Revenues Over Expenditures	$ 27,240,163	$(13,130,222)	$ (5,475,880)	$ 1,015,915	$ 78,417	$ (3,061,376)	$ (9,418,746)	$ 3,387,037	$ 938,196	$ 2,959,520	$ 4,533,024

See accompanying notes to the Consolidated Financial Statements.

THE CITY OF PENTICTON
GENERAL REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

	2016 Budget	2016	2015
Revenue			
Taxation	$ 28,985,570	$ 29,111,741	$ 27,060,066
Sales of Services	13,706,723	14,760,623	14,020,575
Government Grants and Transfers	1,822,709	2,085,983	2,215,133
Transfer From Other Funds/Reserves	3,327,789	6,729,667	6,148,738
Other Revenue	8,626,559	11,734,057	11,304,581
Other Contributions	175,768	734,820	1,536,281
Sale of Assets	30,000	38,791	(101,502)
Collections For other Governments	20,562,109	20,489,113	20,512,044
	77,237,227	85,684,795	82,695,916
Expenditure			
Salaries and Benefits	17,411,732	20,606,616	17,800,006
Goods and Services	11,829,445	15,236,940	14,590,379
Interest	2,511,671	2,452,585	2,464,627
Principal Payments	3,231,189	3,231,187	3,226,442
Other Expenses	3,610,035	2,189,395	2,883,937
Vehicle & Equipment Maintenance	2,768,516	2,768,262	2,212,607
Policing Agreement	7,008,363	6,779,287	6,500,799
Transfer to Other Funds/Reserves	8,039,229	11,415,232	12,445,249
Transfers to Other Governments	20,562,109	20,506,789	20,498,735
	76,972,289	85,186,293	82,622,781
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	264,938	498,502	73,135
CHANGE IN FUND BALANCES	264,938	498,502	73,135
FUND BALANCES, BEGINNING OF YEAR	5,213,235	5,213,235	5,140,100
FUND BALANCES, END OF YEAR	$ 5,478,173	$ 5,711,737	$ 5,213,235

THE CITY OF PENTICTON
RESERVE FUNDS
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

	2016	2015
Balance, Beginning of Year	$ 12,474,200	$ 15,312,112
Add		
Transfers from:		
Revenue Funds	2,998,632	2,256,938
Interest Earned	153,470	215,400
Deduct		
Transfers to:		
Capital Funds	4,810,374	5,247,643
Revenue Funds	-	62,607
	$10,815,928	$ 12,474,200
STATUTORY RESERVE FUND BALANCES		
Equipment Replacement Reserve Fund	3,490,375	3,108,609
Tax Sale Lands Reserve Fund	7,460	7,360
Capital Reserve Fund	165,784	2,023,783
Land Acquisition Reserve	1,892,984	-
Local Improvement	1,196,360	1,420,502
Off-Site Parking Reserve Fund	120,899	119,277
Community Works Reserve Fund	915,595	3,142,551
Public Amenity Reserve	74,653	238,313
Affordable Housing Reserve	166,901	-
Alternative Transportation Reserve	52,082	15,625
Asset Sustainability	302,040	-
Water Capital Reserve Fund	892,803	880,824
Sewer Capital Reserve Fund	536,025	528,833
Electric Capital Reserve Fund	1,001,967	988,523
	10,815,928	12,474,200
Balance, End of Year	**$10,815,928**	$ 12,474,200

THE CITY OF PENTICTON
RESERVE FUNDS
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

Reserve	Balance, Beginning of Year	Transfer from General Revenue Fund	Interest Earned	Transfer to General Capital Fund	Transfer to Sewer Capital Fund	Inter-reserve Transfers	2016 Total
Equipment Replacement	$ 3,108,609	$ 1,108,355	$ 44,570	$ (771,159)	$ -	$ -	$ 3,490,375
Tax Sale Lands	7,360	-	100	-	-	-	7,460
Capital	2,023,783	-	14,899	-	-	(1,872,898)	165,784
Land Acquisition	-	7,350	12,736	-	-	1,872,898	1,892,984
Local Improvement	1,420,502	107,523	13,781	(325,553)	(19,893)	-	1,196,360
Off-Street Parking	119,277	-	1,622	-	-	-	120,899
Community Works	3,142,551	1,439,404	27,409	(3,693,769)	-	-	915,595
Public Amenity	238,313	-	2,114	-	-	(165,774)	74,653
Affordable Housing	-	-	1,127	-	-	165,774	166,901
Alternative Transportation	15,625	36,000	457	-	-	-	52,082
Asset Sustainability	-	300,000	2,040	-	-	-	302,040
Water Capital	880,824	-	11,979	-	-	-	892,803
Sewer Capital	528,833	-	7,192	-	-	-	536,025
Electric Capital	988,523	-	13,444	-	-	-	1,001,967
	$ 12,474,200	**$ 2,998,632**	**$ 153,470**	**$ (4,790,481)**	**$ (19,893)**	**$ -**	**$ 10,815,928**

THE CITY OF PENTICTON
RESERVES
STATEMENT OF CHANGE IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

	Balance, Beginning of Year	Transfer From Funds	Transfer To Funds	Interest	Inter-reserve Transfers		2016 Total
Non-Statutory							
Asset Emergency	$ 800,000	$ -	$ -	$ -	$ -		$ 800,000
Building Permit Stabilization	100,000	-	-	-	-		100,000
Carbon Tax Credit Reserve	152,421	-	-	-	-		152,421
Cemetery Land	133,000	-	-	-	-		133,000
Climate Action	88,327	42,920	-	-	-		131,247
Election	23,797	23,803	-	-	-		47,599
Electric Surplus	10,146,400	4,354,532	-	-	-		14,500,932
Gaming	6,045,785	4,563,630	(3,258,882)	-	-		7,350,533
General Surplus	5,213,235	498,502	-	-	-		5,711,737
Infrastructure	400,000	-	-	-	-		400,000
Investment Income	1,369,942	-	-	-	(396,507)	*	973,435
Liability Insurance	250,001	-	-	-	-		250,001
Marinas	459,383	30,298	-	-	-		489,681
Multi-Material BC	777,961	467,109	(1,641,576)	-	396,507	*	0
Northgate	52,000	-	-	-	-		52,000
Parking & Revitalization	51,765	-	-	-	-		51,765
Public Art	12,011	25,000	(2,000)	-	-		35,011
Rate Stabilization	200,000	-	-	-	-		200,000
RCMP	254,942	105,057	-	-	-		359,999
Sewer Equipment Replacement	-	108,022	-	-	-		108,022
Sewer Surplus	5,542,676	1,358,713	-	-	-		6,901,389
Snow Clearing Stabilization	75,000	-	-	-	-		75,000
Special Events Site	21,166	-	-	-	-		21,166
Water Surplus	1,261,931	2,651,331	-	-	-		3,913,262
West Bench Capital	1,185,185	-	-	-	-		1,185,185
West Bench Water	1,801,728	-	(78,336)	-	-		1,723,392
Wine/Info	13,150	-	-	-	-		13,150
	36,431,805	14,228,916	(4,980,794)	-	-		45,679,926
Statutory	12,474,200	2,998,632	(4,810,374)	153,470	-		10,815,928
DCC	8,015,262	2,220,398	(84,120)	123,534	-		10,275,074
	$ 56,921,267	$ 19,447,946	(9,875,288)	$ 277,004	$ -		$ 66,770,928

** inter-reserve loan to be repaid in 2017*

THE CITY OF PENTICTON
SEWER REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

	2016 Budget	2016	2015
Revenue			
Taxation	$ 1,348,200	$ 1,373,636	$ 1,376,284
Sales of Services	4,587,283	4,625,517	4,415,792
Government Grants and Transfers	215,500	215,822	219,201
Transfer From Other Funds/Reserves	-	2,156,826	4,907,995
	6,150,983	8,371,801	10,919,272
Expenditure			
Salaries and Benefits	1,611,889	1,349,195	1,323,135
Goods and Services	1,267,526	1,837,641	2,081,738
Interest	773,830	758,021	767,614
Principal Payments	584,381	575,057	575,057
Vehicle & Equipment Maintenance	374,250	336,348	311,955
Transfer to Other Funds/Reserves	1,550,765	2,156,826	6,538,959
	6,162,641	7,013,088	11,598,458
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,658)	1,358,713	(679,186)
CHANGE IN FUND BALANCES	(11,658)	1,358,713	(679,186)
FUND BALANCES, BEGINNING OF YEAR	5,542,676	5,542,676	6,221,862
FUND BALANCES, END OF YEAR	$ 5,531,018	$ 6,901,389	$ 5,542,676

THE CITY OF PENTICTON
WATER REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

	2016 Budget	2016	2015
Revenue			
Sales of Services	$ 7,165,766	$ 8,153,476	$ 6,942,237
Government Grants and Transfers	933,333	-	-
Transfer From Other Funds/Reserves	466,667	1,352,716	1,138,368
	8,565,766	9,506,192	8,080,605
Expenditure			
Salaries and Benefits	1,622,490	1,496,469	1,405,579
Goods and Services	1,332,997	1,754,094	1,810,541
Interest	591,951	592,126	697,690
Principal Payments	467,738	458,414	549,141
Vehicle & Equipment Maintenance	246,650	184,946	161,429
Transfer to Other Funds/Reserves	4,305,715	2,368,812	4,307,574
	8,567,541	6,854,861	8,931,954
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,775)	2,651,331	(851,349)
CHANGE IN FUND BALANCES	(1,775)	2,651,331	(851,349)
FUND BALANCES, BEGINNING OF YEAR	1,261,931	1,261,931	2,113,280
FUND BALANCES, END OF YEAR	$ 1,260,156	$ 3,913,262	$ 1,261,931

THE CITY OF PENTICTON
ELECTRIC REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

	2016 Budget	2016	2015
Revenue			
Sales of Services	$ 40,960,152	$ 39,647,110	$ 39,268,074
Other Revenue	7,000	13,800	13,746
Transfer From Other Funds/Reserves	-	1,362,733	6,676,682
	40,967,152	41,023,643	45,958,502
Expenditure			
Salaries and Benefits	1,529,257	1,715,290	1,684,633
Goods and Services	31,152,350	29,048,758	34,278,742
Vehicle & Equipment Maintenance	161,994	162,930	167,913
Transfer to Other Funds/Reserves	8,060,071	5,742,133	9,866,982
	40,903,672	36,669,111	45,998,270
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	63,480	4,354,532	(39,768)
CHANGE IN FUND BALANCES	63,480	4,354,532	(39,768)
FUND BALANCES, BEGINNING OF YEAR	10,146,400	10,146,400	10,186,168
FUND BALANCES, END OF YEAR	$ 10,209,880	$ 14,500,932	$ 10,146,400

THE CITY OF PENTICTON
DEBT ISSUED AND OUTSTANDING
DECEMBER 31, 2016
(UNAUDITED)

LIA B Law	S/1 B Law	Issue	Issue Date	Purpose	Issue Amount	Outstanding Amount	Term (Years)	Maturity	Rate (%)	2016 Payments	
										Interest	Principal
General Fund											
9925	20005	72	12-Apr-00	RCMP Building	$ 2,500,000	$ 700,906	20	2020	2.100	$ 52,500	$ 82,873
9925	20046	73	07-Nov-00	RCMP Building	1,500,000	420,544	20	2020	2.100	31,500	49,725
2003-15	2268	81	22-Apr-04	Storm Sewer	337,500	175,036	20	2024	2.400	8,100	10,207
2004-16	859-2004	85	25-Oct-04	Parks-Land Acquisition	1,680,000	871,290	20	2024	2.000	33,600	50,808
2004-18	859/2004	85	25-Oct-04	Road Works-S. Main St.	195,000	101,132	20	2024	2.000	3,900	5,897
2004-19	859/2004	85	25-Oct-04	Road Design-Main St.	150,000	77,794	20	2024	2.000	3,000	4,536
2004-20	859/2004	85	25-Oct-04	Integrated Waterfront	550,000	285,244	20	2024	2.000	11,000	16,633
2004-21	859/2004	85	25-Oct-04	Youth Park	50,000	25,931	20	2024	2.000	1,000	1,512
2004-11	1108/2004	93	06-Apr-05	Wine Information Centre	800,000	410,013	20	2025	5.100	21,933	40,083
2004-20	1108-2004	93	06-Apr-05	Integrated Waterfront	520,000	266,509	20	2025	5.100	14,256	26,054
2004-21	614/2005	95	13-Oct-05	Youth Park	150,000	81,891	20	2025	1.800	2,700	5,514
2005-18	615/2005	95	13-Oct-05	Integrated Waterfront	825,000	450,401	20	2025	1.800	14,850	30,328
2006-15	17/17/2006	99	07-Nov-06	Road Works-Fairview/Ind	1,595,000	951,918	20	2026	4.430	70,659	53,563
2006-17	17/17/2006	99	07-Nov-06	Sportsfields	3,200,000	1,909,805	20	2026	4.430	141,760	107,462
2006-18	273-2007	102	27-Mar-07	Queens Park Site Serv	7,000,000	829,843	10	2017	4.820	337,400	583,037
2006-33	273/2007	102	02-Nov-07	Integrated Waterfront '06	350,000	225,614	20	2027	4.820	16,870	11,754
2006-39	273/2007	102	02-Nov-07	S Okanagan Event Ctre	8,000,000	948,392	10	2017	4.820	385,600	666,328
2006-76	024/2008	103	23-Apr-08	Wellness Centre	3,000,000	2,071,710	20	2028	4.650	139,500	100,745
2006-39	333/2008	104	20-Nov-08	S Okanagan Event Cntr	10,000,000	2,325,384	10	2018	5.150	515,000	832,909
2007-41	333/2008	104	20-Nov-08	Cemetery-Columbarium	2,500,000	1,726,425	20	2028	5.150	128,750	83,954
2007-52	333/2008	104	20-Nov-08	Indoor Soccer Facility	1,000,000	690,570	20	2028	5.150	51,500	33,582
2007-57	333/2008	104	20-Nov-08	Integrated Waterfront	530,000	366,002	20	2028	5.150	27,295	17,798
2007-60	333/2008	104	20-Nov-08	PIDA	1,140,000	265,094	10	2018	5.150	58,710	94,952
2007-60	157-2009	105	21-Apr-09	PIDA	231,344	79,153	10	2019	4.900	11,336	19,269
2007-52	638/2009	106	13-Oct-09	Indoor Soccer Facility	415,000	304,926	20	2029	4.130	17,140	13,936
2007-52	15/30/2010	110	08-Apr-10	Indoor Soccer Ph2	586,000	455,470	20	2030	4.500	26,370	19,679
2009-14	15/30/2010	110	08-Apr-10	Pool Upgrades	7,400,000	5,751,674	20	2030	4.500	333,000	248,505
2007-52	B25/2011	116	04-Apr-11	Indoor Soccer Facility	135,000	110,445	20	2031	4.200	5,670	4,534
2009-43	B25/2011	116	04-Apr-11	Road Wrks-Smythe Dr	447,000	365,695	20	2031	4.200	18,774	15,011
					56,786,844	23,244,811				2,483,673	3,231,188

THE CITY OF PENTICTON
DEBT ISSUED AND OUTSTANDING
DECEMBER 31, 2016
(UNAUDITED)

LIA B Law	S/1 B Law	Issue	Issue Date	Purpose	Issue Amount	Outstanding Amount	Term (Years)	Maturity	Rate (%)	2016 Payments	
										Interest	Principal
Water Fund											
92110	96-08	63	01-Jun-96	Water Treatment Plant	1,200,000	-	20	2016	3.000	18,000	36,291
2006-07	17/07/2006	99	07-Nov-06	Naramata Rd. Upgrade	4,670,000	2,787,121	20	2026	4.430	206,881	156,827
2007-83	333/2008	104	20-Nov-08	Water Filtration Plant	4,000,000	2,762,281	20	2028	5.150	206,000	134,327
2007-83	638/2009	106	13-Oct-09	Water Filtration Plant	3,900,000	2,865,570	20	2029	4.130	161,070	130,969
					13,770,000	8,414,972				591,951	458,414
Sewer Fund											
2006-61	273/2007	102	02-Nov-07	Septage Handling Facility	1,050,000	676,842	20	2027	4.820	50,610	35,261
2008-10	333-2008	104	02-Nov-07	Sewer System Upgrade	8,000,000	5,524,561	20	2028	5.150	412,000	268,654
2007-60	333/2008	104	20-Nov-08	PIDA	360,000	83,714	10	2018	5.150	18,540	29,985
2007-60	157/2009	105	21-Apr-09	PIDA	73,056	24,996	10	2018	4.900	3,580	6,085
2008-10	638-2009	106	13-Oct-09	Sewer Plant Expansion	7,000,000	5,143,330	20	2029	4.130	289,100	235,072
					16,483,056	11,453,443				773,830	575,057
					$ 87,039,900	$ 43,113,226				$ 3,849,454	$ 4,264,659

THE CITY OF PENTICTON
CEMETERY PERPETUAL TRUST FUND
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

	2016	2015
ASSETS		
Bank Term Deposits	$ 993,552	$ 971,154
Less:		
Due To General Revenue Fund	46,153	49,375
	$ 947,399	$ 921,779
SURPLUS		
Balance, Beginning of Year	$ 921,779	$ 903,893
Add:		
Care Fund Contributions	33,220	30,686
Interest Earned	22,400	17,200
	55,620	47,886
Deduct:		
Cemetery Maintenance	30,000	30,000
Balance, End of Year	$ 947,399	$ 921,779

2016 Permissive Tax Exemptions		
Name of Applicant	**Civic Address**	**2016 (General) Tax Foregone**
Cheers the Church	639 Main St	$5,369
Christian Science Society	608 Winnipeg St	$1,200
Church of Jesus Christ of Latter Day Saints	2946 South Main St	$5,269
Church of the Nazarene	523 Jermyn Ave	$2,936
Concordia Lutheran Church	2800 South Main St	$4,901
Governing Council of the Salvation Army Corps 344	2469 South Main St	$3,830
Grace Mennonite Brethren Church	74 Penticton Ave	$1,567
Green Mountain Christian Congregation of Jehovah's Witnesses	52 Roy Ave	$3,381
Hellenic Community Society of Penticton	1265 Fairview Rd	$2,650
Oasis United Church	2964 Skaha Lake Rd	$12,539
Our Redeemer Lutheran Church of Penticton, BC	1370 Church St	$1,615
Penticton Alliance Church	197 Bandon Ave	$3,839
Penticton Bethel Pentecostal Tabernacle	65 Preston Ave	$1,866
Penticton Bethel Pentecostal Tabernacle	973 Main St	$3,596
Penticton Bethel Pentecostal Tabernacle	945 Main St	$6,460
Penticton First Baptist Church	1498 Government St	$5,005
Penticton Free Presbyterian Church	120 Preston Ave	$2,717
Penticton New Beginnings Christian Fellowship	96 Edmonton Ave	$833
Penticton Sikh Temple & Indian Cultural Society	3290 South Main St	$5,573
Penticton United Church	696 Main St	$3,062
Penticton Vineyard Community Church	1825 Main St	$9,906
Roman Catholic Bishop of Nelson (St. Anne's)	1296 Main St	$5,934
Seventh-day Adventist Church	290 Warren Ave W	$4,270
St. Andrew's Presbyterian Church	397 Martin St	$1,278
St. Andrew's Presbyterian Church	157 Wade Ave W	$2,143
St. John Vianney Church	361 Wade Ave W	$2,684
St. Saviour's Anglican Church	150 Orchard Ave	$4,451
Victory Church of Penticton	352 Winnipeg St	$1,707
Holy Cross School	1299 Manitoba St	$3,140
Penticton Christian School Society	1060 Main St	$723
Affordable Living for Today Society	245 Warren Ave W	$3,422
Army, Navy & Air Force Veterans in Canada, Unit 97	257 Brunswick St	$1,482
Care Closet	574 Main St	$1,811
Good Samaritan Canada (A Lutheran Social Service Organization)	270 Hastings Ave	$55,831
LUSO Canadian Multicultural Society of Penticton	135 Winnipeg St	$1,996
Okanagan Boys & Girls Club	1295 Manitoba St	$4,687
Ooknakane Friendship Centre	146 Ellis St	$4,333
Penticton & District Community Arts Council	220 Manor Park Ave	$9,702
Penticton & District Community Resources Society	470 Edmonton Ave	$2,678
Penticton & District Community Resources Society	500 Edmonton Ave	$969
Penticton & District Community Resources Society	2434 Baskin St	$949
Penticton & District Community Resources Society	2450 Baskin St	$952
Penticton & District Community Resources Society	150 McPherson Cres	$2,452
Penticton & District Community Resources Society	154 McPherson Cres	$2,452
Penticton & District Community Resources Society	330 Ellis St	$9,924
Penticton & District Community Resources Society	1160 Commercial Way	$2,545
Penticton & District Emergency Program Society	251 Dawson Ave	$1,182
Penticton & District Hospice Society	129 Nanaimo Ave W	$3,213
Penticton & District Society for Community Living	453 Winnipeg St	$12,074
Penticton & District Society for Community Living	252 Conklin Ave	$1,888
Penticton & District Society for Community Living	180 Industrial Ave W	$12,178

Penticton & District Society for Community Living	393 Winnipeg St	$1,876
Penticton & District Society for Community Living	234 Van Horne St	$2,381
Penticton Art Gallery	199 Marina Way	$16,963
Penticton Community Garden Society	480 Vancouver Ave	$1,849
Penticton Curling Club	505 Vees Dr	$11,403
Penticton Early Childhood Education Society	#104-550 Carmi Ave	$1,397
Penticton Elks Lodge 51	343 Ellis St	$4,438
Penticton Golf & Country Club	600 Comox St	$8,840
Penticton Golf & Country Club	852 Eckhardt Ave W	$14,248
Penticton Horseshoe Pitchers Club	2905 South Main St	$719
Penticton Kinsmen Disability Resource Centre Society	216 Hastings Ave	$6,677
Penticton Kiwanis Housing Society	#101-150 Van Horne St	$744
Penticton Kiwanis Housing Society	#103-150 Van Horne St	$627
Penticton Kiwanis Housing Society	#105-150 Van Horne St	$627
Penticton Kiwanis Housing Society	#113-150 Van Horne St	$627
Penticton Kiwanis Housing Society	#115-150 Van Horne St	$750
Penticton Kiwanis Housing Society	#112-150 Van Horne St	$739
Penticton Kiwanis Housing Society	#104-150 Van Horne St	$625
Penticton Kiwanis Housing Society	#102-150 Van Horne St	$739
Penticton Kiwanis Housing Society	#201-150 Van Horne St	$749
Penticton Kiwanis Housing Society	#209-150 Van Horne St	$631
Penticton Kiwanis Housing Society	#211-150 Van Horne St	$631
Penticton Kiwanis Housing Society	#213-150 Van Horne St	$631
Penticton Kiwanis Housing Society	#215-150 Van Horne St	$754
Penticton Kiwanis Housing Society	#214-150 Van Horne St	$744
Penticton Kiwanis Housing Society	#212-150 Van Horne St	$633
Penticton Kiwanis Housing Society	#210-150 Van Horne St	$631
Penticton Kiwanis Housing Society	#204-150 Van Horne St	$628
Penticton Kiwanis Housing Society	#202-150 Van Horne St	$744
Penticton Kiwanis Housing Society	#301-150 Van Horne St	$749
Penticton Kiwanis Housing Society	#315-150 Van Horne St	$754
Penticton Kiwanis Housing Society	#314-150 Van Horne St	$744
Penticton Kiwanis Housing Society	#312-150 Van Horne St	$633
Penticton Kiwanis Housing Society	#310-150 Van Horne St	$631
Penticton Kiwanis Housing Society	#308-150 Van Horne St	$727
Penticton Kiwanis Housing Society	#304-150 Van Horne St	$628
Penticton Kiwanis Housing Society	#302-150 Van Horne St	$744
Penticton Kiwanis Housing Society	#401-150 Van Horne St	$749
Penticton Kiwanis Housing Society	#413-150 Van Horne St	$631
Penticton Kiwanis Housing Society	#415-150 Van Horne St	$754
Penticton Kiwanis Housing Society	#414-150 Van Horne St	$744
Penticton Kiwanis Housing Society	#412-150 Van Horne St	$633
Penticton Kiwanis Housing Society	#410-150 Van Horne St	$631
Penticton Kiwanis Housing Society	#408-150 Van Horne St	$727
Penticton Kiwanis Housing Society	#406-150 Van Horne St	$628
Penticton Kiwanis Housing Society	#404-150 Van Horne St	$628
Penticton Kiwanis Housing Society	#402-150 Van Horne St	$744
Penticton Lawn Bowling Club	260 Brunswick St	$4,815
Penticton Masonic Building Association	416 Westminsert Ave W	$1,775
Penticton Safety Village	490 Edmonton Ave	$3,998
Penticton Seniors Drop-In Centre	2905 South Main St	$2,289
Penticton Tennis Club	675 Marina Way	$3,022
Roman Catholic Bishop of Nelson for Birthright of Penticton Society	200 Bennett Ave	$1,461

Roman Catholic Bishop of Nelson for Penticton Recovery Resource Society	397 Wade Ave W	$1,661
Royal Canadian Legion #40	502 Martin St	$4,810
S.S. Sicamous Restoration Society	1175 Lakeshore Dr W	$4,023
S.S. Sicamous Restoration Society	1101 Lakeshore Dr W	$1,946
S.S. Sicamous Restoration Society	1099 Lakeshore Dr W	$10,279
South Okanagan Similkameen Medical Foundation	1748 Camrose St	$4,444
South Okanagan Similkameen Medical Foundation	1802 Camrose St	$3,102
South Okanagan Women in Need Society	Not Disclosed	$3,112
The B.C. Society for the Prevention of Cruelty to Animals	2200 Dartmouth Dr	$12,310
Fraternal Order of Eagles Aerie 4281	1197 Main St	$2,855
Governing Council of the Salvation Army Corps 344	2399 South Main St	$8,862
Governing Council of the Salvation Army Corps 344	318 Ellis St	$3,484
Penticton & District Minor Hockey Association	325 Power St	$2,670
South Okanagan Similkameen Brain Injury Society	742 Argyle St	$1,791
South Okanagan Similkameen Brain Injury Society	332 Eckhardt Ave W	$2,007
2017 Estimated Total Permissive Tax Exemptions:		**$431,404**

2016 Revitalization Tax Exemptions

Folio	Civic	Registered Owner	Applicable Bylaw	2016 Municipal Taxes Exempted ACTUAL
04260-100	1050 Eckhardt Avenue West	PENTICTON COURTYARD INN LTD	2010-10	$0.00
04774-000	218 Main Street	HO'S ENTERPRISES LTD	2010-10	$2,616.55
06033-000	146 Ellis Street	L & T INVESTMENTS INC	2011-56	$0.00
07478-100	101 Rosetown Avenue	WABRAKO HOLDINGS LTD	2010-10	$3,233.94
07530-525	1900 Camrose St. 300 Okanagan Ave. E.	MULLER NYSTROM HOLDINGS LTD	2010-10	$4,457.96
07601-500	1195 Commercial Way	WISEWORTH HOLDINGS LTD	2011-56	$2,608.01
07658-025	662 Okanagan Avenue East	NOR-MAR INDUSTRIES LTD	2010-10	$11,903.33
04895-020	250 Winnipeg Street	CHURCHILL IRON PLAZA PENTICTON INC	2011-56	$40,057.93
01162-480	275 Waterloo Avenue	TSL CONAILL HOLDINGS LTD	2012-5028	$3,741.63
01459-005	1690 Fairview Road	INLAND KENWORTH LTD	2012-5028	$1,724.77
01586-100	110 Industrial Place	ADAMS ROD & CUSTOM INC	2012-5028	$2,865.34
04760-300	169 Estabrook Avenue	0981925 BC LTD	2012-5028	$5,142.69
05113-010	317 Winnipeg Street	317 WINNIPEG ST HOLDINGS INC	2012-5028	$0.00
06533-000	412 Main Street	VASSILAKI, JOHN	2012-5028	$1,857.34
07575-000	1704 Government Street	MCTAFT PROPERTIES LTD	2011-56	$2,795.79
07695-100	568 Dawson Avenue	PENTICTON FOUNDRY LTD	2012-5028	$6,634.78
00042-010	437 Martin Street	MOUNTAIN ENTERPRISES LTD	2014-04	$873.59
01594-450	182 Industrial Court	GREEN, RONALD R	2011-56	$1,548.08
04023-005	3475 Wilson Street	SOUTHWOOD PROPERTY CORP	2012-5028	$77,632.78
04823-000	260 (270) Martin Street	296296 BC LTD	2014-04	$702.70
06045-000	198 Ellis Street	THE CANNERY BREWING COMPANY LTD	2014-04	$6,647.20
06455-000	52 Front Street	ERICSONS HOLDINGS LTD	2014-04	$754.46
07638-000	1356 Commercial Way	WALCO HOLDINGS LTD (Rory Hobbs, 0790794 BC Ltd)	2011-56	$804.63
07639-000	1374 Commercial Way	HOMETOWN FURNITURE & APPLIANCES (PENTICTON) LTD	2012-5028	$5,139.52
07663-000	682 Okanagan Avenue	NOR-MAR INDUSTRIES LTD	2014-44	$4,492.27
07666-500	272 Dawson Avenue	BC TREE FRUITS CO-OP	2014-44	$1,877.77

Municipal Taxes Exempted: **$190,113.08**

Number of Active Exemptions: **26**